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Message Text

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71
ACTION COME-00

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 DODE-00 FMC-04 CG-00 COA-02

EUR-25 RSR-01 /117 W
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R 240308Z JUL 73
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 9066
INFO AMEMBASSY TOKYO

UNCLAS SEOUL 4795

FOR COMMERCE

TOKYO FOR M.S. SOMECK, REGMARATT

E.O. 11652: N/A
TAGS: ETRN, KS
SUBJECT: MAJOR PROJECT: CHEIL (SAMSUNG GROUP) SHIPYARD

REF: A. SEOUL 4206 B. SEOUL 4207

SUMMARY: LEADING KOREAN BUSINESS GROUP PLANS TO ESTABLISH LARGE SHIPYARD; SEEKS INFORMATION ON U.S. SOURCE ENGINEERING, EQUIPMENT AND INVESTORS.

1. SAMSUNG GROUP, WHICH IS KOREA'S LARGEST BUSINESS COMBINE, IS PLANNING TO ESTABLISH MAJOR TANKER SHIPYARD. PRESIDENT LEE, EUN TAIK, CHEIL WOOL TEXTILE INDUSTRIAL COMPANY, LTD., 303 SAMSUNG BLDG. CHUNG-KU, SEOUL, KOREA HEADS A GROUP TASK FORCE PLANNING THIS PROJECT. LEE IS ALREASY DISCUSSING PROJECT FINANCING WITH A U.S. BANK, WHICH MAY APPLY FOR EXIM BANK PRELIMINARY COMMITMENT. BANK IS ALSO HELPING LOCATE POTENTIAL INVESTORS. LEE IS SEEKING PROPOSALS FROM AMERICAN ENGINEERING OR CONSULTING FIRMS WHO COULD SERVE AS ADVISERS, OR HANDLE
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AS TURNKEY PROJECT. HE ALSO WISHES OBTAIN INFORMATION ON SUPPLIERS

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AND PRICES OF U.S. MACHINERY FOR SHIPYARD USE - I.E. LARGE
GRANES, PRESSES, CUTTING AND WELDING EQUIPMENT, MATERIAL
HANDLING EQUIPMENT AND RELATED ITEMS. LEE WOULD BE INTERESTED
IN PROPOSALS FROM U.S. SHIPBUILDERS FOR TECHNOLOGICAL ASSISTANCE
CONTRACT OR EVEN SMALL DIRECT EQUITY PARTICIPATION.

2. THE $116 MILLION YARD WOULD HAVE 990 METER BUILDING
DOCK WITH MAXIMUM SINGLE VESSEL CAPACITY OF 1,000,000 DWT.
ANNUAL CAPACITY OF YARD IS TO BE 2,500,000 DWT; (FIVE ULCC'S
AT 500,000 DWT EACH); ANNUAL STEEL CONSUMPTION ID ESTIMATED
AT 264,000 TONS. TASK FORCE ESTIMATES DOMESTIC CAPITAL REQUIRE-
MENTS AT EQUIVALENT OF $52 MILLION, AND FOREIGN EXCHANGE
NEEDS AT $64 MILLION, OF WHICH $44 MILLION WOULD BE FOR DIRECT
PRODUCTION MACHINERY. ROKG APPROVAL, OF COURSE, HAS NOT BEEN
OBTAINED YET, BUT POSITION OF SAMSUNG GROUP AND ITS FOUNDER,
B.C. LEE IS SUCH THAT ANY PROJECT IS ORIGINATES WILL RECEIVE
SERIOUS ROKG CONSIDERATION. THIS SHIPYARD, TENTATIVELY SITED
AT KOJE ISLAND, WOULD BE CONSISTENT WITH ROKG'S OVERALL
SHIPBUILDING EXPANSION PPANS, DESCRIBED IN REFS A AND B,
WHICH PROVIDE FOR KSEC SHIPYARD (ALREADY US-FINANCED) AND OTHER
ULCC YARDS.

3. ACTION REQUESTED. COMMERCE IS REQUESTED TO BRING THIS
TO SPECIAL ATTENTION OF APPROPRIATE U.S. FIRMS. LEE PLANS
TO VISIT U.S. ABOUT AUGUST 10. CAN COMMERCE HELP ARRANGE
CONTACT WITH U.S. SHIPBUILDING AND MACHINERY INDUSTRIES?
EMBASSY REGARDS THIS AS POTENTIALLY EXCELLENT PCOJECT FOR
SALES OF U.S. GOODS AND SERVICES. WHILE LEE HAS INDICATED
INTEREST IN U.S. EQUIPMENT, WE ASSUME HE IS ALSO CHECKING
EUROPEAN AND JAPANESE COMPETITION. THEREFORE, AN EARLY STATEMENT
OF INTEREST THIS PROJECT SHOWN BY ANY U.S. FIRM WOULD BE USEFUL
IN MAINTAINING HIS WILLINGNESS TO PROCURE FROM U.S.
PLEASE ADVISE.
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Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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